

# Energy Situation Analysis Report

**Last Updated: July 11, 2002**

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## Latest Oil Market Developments

West Texas Intermediate (WTI) near month futures prices on the NYMEX closed at \$26.77 per barrel on Wednesday, July 10, up 68 cents per barrel from the day earlier, on reports of greater-than-expected crude oil and gasoline stock draws. On the other hand, markets appear to be growing increasingly bearish over the U.S. economic and oil demand situations. [more...](#)

## Latest U.S. Weekly EIA Petroleum Information

Total petroleum product supplied over the four-week period ending July 5 averaged nearly 19.7 million barrels per day, or about 0.3% more than last year, continuing a recent trend of positive year-over-year growth. U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) decreased by 4.2 million barrels in the week ending July 5, and total commercial petroleum inventories are now less than 8 million barrels above year-ago levels. [more...](#)

## World Oil Market Highlights

According to EIA estimates for the third quarter of 2002, the world holds about 5.8 million barrels per day of excess oil production capacity that could be brought online within 30 days, over 90% of which lies in OPEC countries. This figure does not include Iraqi spare capacity. [more...](#)

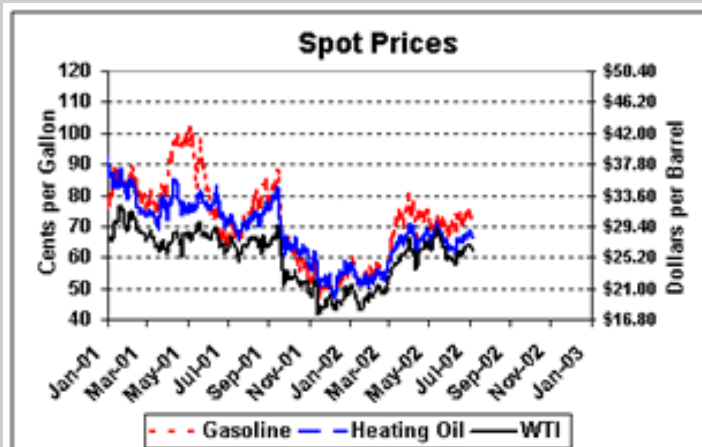
## Latest U.S. Weekly Natural Gas Information

Spot natural gas prices have fallen since Monday, July 8, at most market locations outside the western U.S. At the NYMEX, the price of the futures contract for August delivery fell by almost 8 cents per MMBtu since Monday to settle at \$2.864 per MMBtu on Wednesday, July 10. This is the lowest price for a near-month futures contract since March 7, 2002. [more...](#)

## Energy Prices\*

Petroleum Futures		7/10/02	7/9/02	Change
<b>WTI (\$/Bbl)</b>		<b>26.77</b>	<b>26.09</b>	<b>+0.68</b>
<b>Gasoline (c/gallon)</b>		<b>78.99</b>	<b>76.96</b>	<b>+2.03</b>
<b>Heating Oil (c/gallon)</b>		<b>68.67</b>	<b>67.05</b>	<b>+1.62</b>
Natural Gas (\$/MMBtu)				
<b>Henry Hub</b>		<b>3.04</b>	<b>2.98</b>	<b>+0.06</b>
<b>California</b>		<b>2.88</b>	<b>2.85</b>	<b>+0.03</b>
<b>New York City</b>		<b>3.31</b>	<b>3.35</b>	<b>-0.04</b>
Electricity (\$/Megawatthour)				
<b>COB</b>		<b>33.81</b>	<b>39.83</b>	<b>-6.02</b>
<b>PJM West</b>		<b>29.53</b>	<b>34.07</b>	<b>-4.54</b>
<b>NEPOOL</b>		<b>32.50</b>	<b>33.38</b>	<b>-0.88</b>
<b>Average</b>		<b>42.78</b>	<b>52.46</b>	<b>-9.68</b>

[\\*Definitions](#)



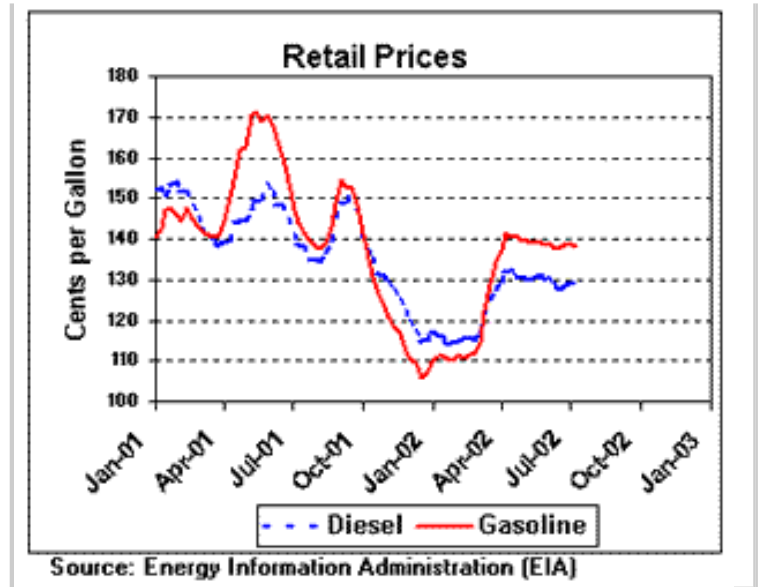
Source: Closing quote as reported by Reuters News Service

### Latest U.S. Coal Information

For the week ending July 6, rail car loadings of coal were up 2.0% while national coal production was 5.4% lower, compared to year- ago levels. Year-to-date, western U.S. coal production is 1.5% below the levels of a year ago, whereas eastern U.S. coal production is estimated to be 6.0% below last year's level. [more...](#)

### Latest U.S. Electricity Information

Prices at all the western hubs peaked on July 9 and then decreased on July 10 because the California Independent System Operator (ISO) lowered the market clearing price cap in response to a Stage One emergency being declared from 2:30 pm to 6:00 pm PDT. For more information on California's power emergency, see text box. [more...](#)



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# Latest Oil Market Developments

(updated July 11, 2002)

West Texas Intermediate (WTI) near month futures prices on the NYMEX closed at \$26.77 per barrel on Wednesday, July 10, up 68 cents per barrel from the previous day's close. WTI prices had risen even higher -- above \$27 per barrel -- early in the day on reports by the American Petroleum Institute (API) and the Energy Information Administration (EIA) that crude oil and gasoline stocks had fallen more steeply than analysts had expected for the week ending July 5. Prices then fell back somewhat on news that Venezuela had increased its July oil loadings program by another 100,000 barrels per day, and that this higher rate would extend into August. Factors influencing world oil prices in the "bearish" direction include concerns over OPEC overproduction and rumors that Iraq could increase its oil exports significantly in coming months. Markets also are concerned over the U.S. economy (and, therefore, oil demand), due to recent increases in unemployment and a lack of clear positive information with regard to the awaited economic recovery.

Other topics affecting **world oil markets** include:

- Venezuela reportedly increased shipments of its main crude oil export stream during July, with intentions to continue this increase through August, as part of an attempt to increase oil export revenues and to alleviate the country's budget crunch. In other news, an estimated 600,000 Venezuelans rallied against President Hugo Chavez today, July 11. In a speech, Chavez urged "calm, patience and prudence." In April 2002, President Chavez was ousted briefly following days of protests and violent unrest.
- There is widespread speculation among oil industry analysts that Iraq may be ready to drop its demand for payment of illegal surcharges on its oil exports. This could result in a significant increase in Iraqi oil exports. (On Wednesday, July 10, loadings of Iraqi Basrah Light resumed at the Mina al-Bakr terminal after a week-long stoppage.) In other news, Iraq said on Wednesday, July 10 that it was ready to resume talks with the UN regarding the possible return of weapons inspectors to Iraq for the first time since December 1998.
- The Caspian Pipeline Consortium (CPC) said today that it would double its oil pumping capacity by late July, from around 290,000 barrels per day currently.
- As of July 11, 2002, the U.S. Strategic Petroleum Reserve (SPR) contained 577.4 million barrels of oil. The SPR has a maximum drawdown capability of 4.18 million barrels per day for 90 days, with oil beginning to arrive in the marketplace 15 days after a presidential decision to initiate a drawdown.

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## Latest U.S. Weekly EIA Petroleum Information

(updated July 11, 2002)

### Crude Oil Refinery Inputs

U.S. crude oil refinery inputs averaged 15.6 million barrels per day during the week ending July 5, the most since the week ending September 7, 2001. Slight increases in PADD II (Midwest), PADD III (Gulf Coast), and PADD IV (Rocky Mountains) more than compensated for slight declines in PADD I (East Coast) and PADD V (West Coast). Over the last four weeks, crude oil inputs have averaged 15.5 million barrels per day, or more than 100,000 barrels per day less than last year. Motor gasoline and total distillate fuel refinery production were both down slightly, despite the increase in crude oil inputs. However, at nearly 3.8 million barrels per day, distillate fuel refinery production remains relatively high.

### Petroleum Imports

U.S. crude oil imports continued their up-and-down trend over the last several weeks, falling by nearly 1.2 million barrels per day to average 8.4 million barrels per day last week. During the most recent four weeks, crude oil imports have averaged 9.1 million barrels per day, or about 100,000 barrels per day less than during the same four-week period last year. After averaging nearly 1.1 million barrels per day during the previous two weeks, total motor gasoline imports (including both finished gasoline and gasoline blending components) fell sharply last week, averaging about 0.6 million barrels per day.

### Petroleum Inventories

With the dramatic decline in U.S. crude oil imports, it is no surprise that U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) decreased by 4.2 million barrels last week. However, even with this decline, they remain in the middle of the normal range for this time of year. Motor gasoline inventories dropped by 1.7 million barrels, and are now 4.4 million barrels below year-ago levels. Distillate fuel inventories, however, rose by 3.1 million barrels last week, with most of the increase in low-sulfur distillate fuel (often referred to as diesel fuel). Total commercial petroleum inventories are now less than 8 million barrels above year-ago levels.

### Product Supplied

Total product supplied over the last four-week period averaged nearly 19.7 million barrels per day, or about 0.3 percent more than last year, continuing a recent trend of positive year-over-year growth. Motor gasoline demand has averaged 2.1% above last year's level over the last four weeks, while distillate fuel demand now is 0.8% above last year's level. Jet fuel demand over the last four weeks has been 8.3% less than during the same period a year ago.

### Crude Oil Prices

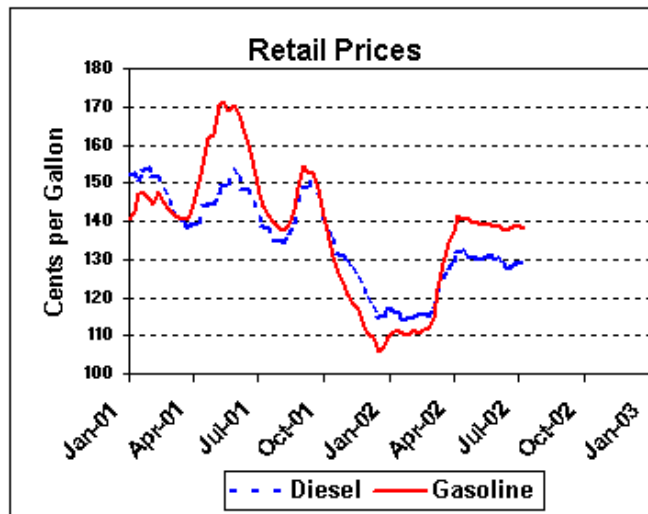
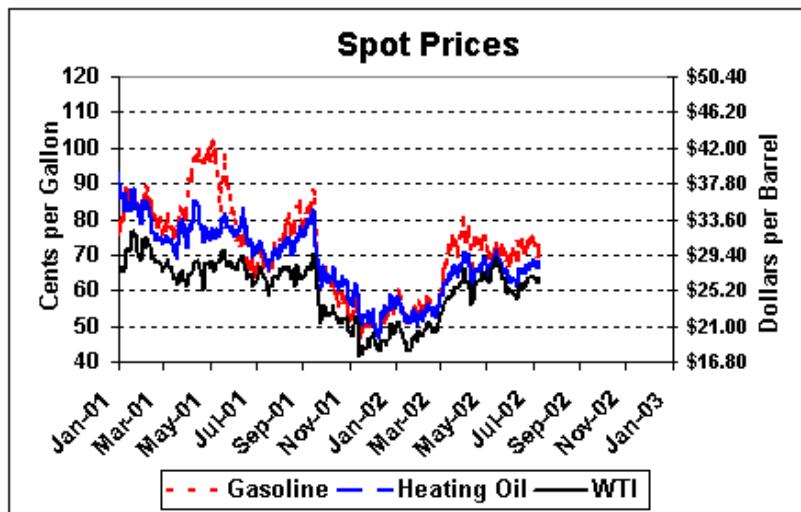
The average world crude oil price on July 5, 2002 was \$24.14 per barrel, up \$0.08 per barrel from the previous week and \$0.01 per barrel more than last year. The spot prices for WTI crude oil and for the petroleum products were not available on July 5 due to the extended Independence Day holiday for the New York Mercantile Exchange.

### Gasoline Prices

The U.S. average retail price for regular gasoline fell 1.0 cents per gallon last week, ending at 138.2 cents per gallon as of July 8. This price is 5.5 cents per gallon lower than last year. Prices were down throughout most of the country, with the largest decrease occurring in the Midwest, where prices fell 2.7 cents per gallon to end at 137.2 cents per gallon. The Rocky Mountain region saw an increase, where prices rose 0.3 cents per gallon to end at 140.3 cents per gallon. Prices have remained relatively flat over the past few months, but there could be price increases ahead if we see a decrease in gasoline imports and steady or rising gasoline demand. Reports of strengthening gasoline demand in Europe, problems with a crude oil pipeline from Canada, and decreases in crude oil exports from Iraq all could lead to a tightening gasoline market. Retail diesel fuel prices increased by 0.5 cents per gallon to a national average of 129.4 cents per gallon as of July 8.

## U.S. Petroleum Prices

(updated July 11, 2002)



### Crude Oil and Oil Products Price Table

Date	WTI Crude Oil		Gasoline		Heating Oil		Kerojet	Propane		EIA Weekly Retail	
	Spot	Futures	Spot	Futures	Spot	Futures	Spot	Spot	Spot	US Average	
	Cushing		NYH		NYH		NYH	Mt. Belvieu	Conway	Gasoline	Diesel
	\$/bbl	\$/bbl	cents per gallon		cents per gallon		c/gal	cents per gallon		cents per gallon	
5/23/2002	\$26.60	\$26.15	71.38	78.83	65.90	66.50	69.30	40.57	36.57		
5/24/2002	\$26.69	\$25.88	70.80	79.01	65.45	65.95	69.03	39.57	36.75		
5/27/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA	138.7	130.8
5/28/2002	\$25.08	\$25.27	68.43	75.85	65.45	63.99	69.03	39.13	35.57		
5/29/2002	\$25.64	\$25.76	69.48	77.21	64.90	65.31	68.15	35.32	38.50		
5/30/2002	\$24.78	\$24.67	66.86	73.36	62.20	62.15	65.40	37.88	35.38		
5/31/2002	\$25.37	\$25.31	68.50	73.83	63.00	62.97	66.20	38.13	35.38		
6/3/2002	\$25.10	\$25.08	68.87	74.64	62.77	63.50	65.82	38.07	35.13	139.2	130.0
6/4/2002	\$25.32	\$25.33	70.50	75.34	63.25	64.28	66.15	38.01	35.00		
6/5/2002	\$25.02	\$24.89	71.57	75.13	63.03	63.60	65.58	37.26	34.32		
6/6/2002	\$24.89	\$24.79	71.40	75.70	62.70	63.48	65.43	36.94	34.32		
6/7/2002	\$24.72	\$24.75	70.82	75.09	62.65	63.17	65.38	37.07	34.25		
6/10/2002	\$24.24	\$24.29	68.78	73.79	61.65	62.33	64.15	36.38	33.57	137.5	128.6
6/11/2002	\$24.21	\$24.12	68.36	73.29	61.70	61.86	65.07	34.76	33.25		
6/12/2002	\$24.79	\$24.64	69.20	75.10	62.93	63.07	66.33	36.75	33.63		
6/13/2002	\$25.54	\$25.64	72.43	77.85	65.40	66.03	68.80	37.82	35.19		
6/14/2002	\$25.90	\$25.94	73.65	78.70	65.80	66.40	69.63	37.82	35.19		
6/17/2002	\$25.98	\$26.09	73.90	79.10	66.05	66.49	69.77	38.50	36.50	137.8	127.5
6/18/2002	\$25.36	\$25.43	73.15	77.66	65.18	65.49	68.50	37.57	36.50		
6/19/2002	\$25.57	\$25.31	72.05	76.84	65.03	65.24	68.23	37.75	36.13		
6/20/2002	\$25.62	\$25.53	71.60	76.96	65.75	66.03	69.48	37.44	35.63		
6/21/2002	\$25.51	\$25.82	70.30	75.57	64.80	64.89	68.53	37.38	35.94		
6/24/2002	\$26.31	\$26.47	73.50	77.77	66.75	66.64	70.80	37.88	36.00	138.4	128.1
6/25/2002	\$26.06	\$26.32	72.13	77.32	65.68	65.89	69.28	38.25	36.13		
6/26/2002	\$26.67	\$26.76	73.57	78.51	66.33	66.63	70.82	38.00	35.50		
6/27/2002	\$26.77	\$26.86	74.04	79.37	67.00	67.29	70.38	37.88	35.63		
6/28/2002	\$26.79	\$26.86	73.82	79.38	67.50	67.96	70.88	37.63	35.50		
7/1/2002	\$26.79	\$26.81	74.82	79.19	67.60	68.02	70.93	37.38	35.76	139.2	128.9
7/2/2002	\$26.83	\$26.77	74.07	78.98	67.98	68.71	71.28	37.13	35.75		
7/3/2002	\$26.82	\$26.80	73.63	78.60	68.38	68.77	71.82	37.01	35.19		
7/4/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
7/5/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
7/8/2002	\$26.14	\$26.07	69.60	76.14	66.15	66.80	69.65	36.19	34.38	138.2	129.4
7/9/2002	\$26.16	\$26.09	71.63	76.96	66.40	67.05	69.50	36.25	34.44		
7/10/2002	\$26.73	\$26.77	74.30	78.99	67.70	68.67	70.70	36.94	34.88		

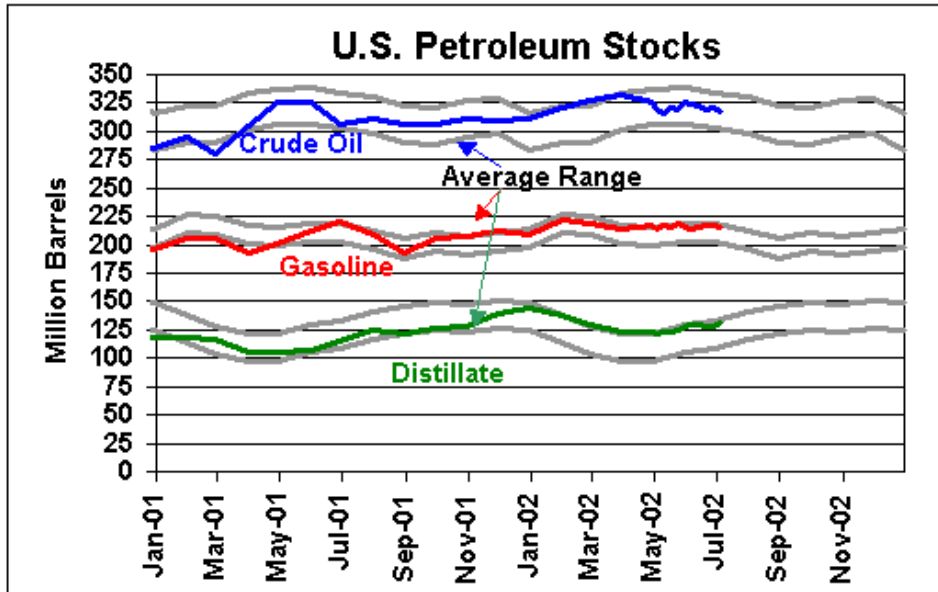
Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

## U.S. Petroleum Supply

	(Thousand Barrels per Day)		Four Weeks Ending		vs. Year Ago	
			7/5/2002	7/5/2001	Diff.	% Diff.
<b>Refinery Activity</b>						
Crude Oil Input			15,470	15,610	-140	-0.9%
Operable Capacity			16,800	16,632	168	1.0%
Operable Capacity Utilization (%)			93.4%	95.4%	-2.0%	
<b>Production</b>						
Motor Gasoline			8,470	8,615	-145	-1.7%
Jet Fuel			1,513	1,636	-123	-7.5%
Distillate Fuel Oil			3,714	3,721	-7	-0.2%
<b>Imports</b>						
Crude Oil (incl. SPR)			9,064	9,169	-105	-1.1%
Motor Gasoline			886	838	48	5.7%
Jet Fuel			102	156	-54	-34.8%
Distillate Fuel Oil			195	289	-94	-32.5%
Total			11,295	11,736	-441	-3.8%
<b>Exports</b>						
Crude Oil			30	14	16	107.9%
Products			934	947	-13	-1.4%
Total			964	962	2	0.2%
<b>Products Supplied</b>						
Motor Gasoline			8,925	8,738	187	2.1%
Jet Fuel			1,607	1,752	-145	-8.3%
Distillate Fuel Oil			3,675	3,646	29	0.8%
Total			19,671	19,612	59	0.3%
<b>Stocks (Million Barrels)</b>						
Crude Oil (excl. SPR)			317.0	308.8	8.2	2.7%
Motor Gasoline			241.7	240.4	1.4	0.6%
Jet Fuel			10.0	10.0	0.0	0.0%
Distillate Fuel Oil			10.0	10.0	0.0	0.0%
Total			437.7	428.2	9.5	2.2%



Crude Oil (excl. SPR)	317.0	308.8	8.2	2.7%
Motor Gasoline	214.7	219.1	-4.4	-2.0%
Jet Fuel	40.0	43.0	-3.0	-7.0%
Distillate Fuel Oil	131.4	115.3	16.1	14.0%
Total (excl. SPR)	1,028.2	1,020.4	7.8	0.8%



Source: Energy Information Administration, Weekly Petroleum Status Report, Petroleum Supply Monthly

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## World Oil Market Highlights

(updated July 9, 2002)

According to third quarter 2002 estimates, the world holds about 5.8 million barrels per day of excess oil production capacity that could be brought online within 30 days, over 90% of which lies in OPEC countries. This figure does not include Iraqi spare capacity.

<b>Major Sources of U.S. Petroleum Imports, 2001*</b> (all volumes in million barrels per day)			
	<b>Total Oil Imports</b>	<b>Crude Oil Imports</b>	<b>Petroleum Product Imports</b>
<b>Canada</b>	1.83	1.36	0.47
<b>Saudi Arabia</b>	1.66	1.61	0.05
<b>Venezuela</b>	1.55	1.29	0.26
<b>Mexico</b>	1.44	1.39	0.05
<b>Nigeria</b>	0.89	0.84	0.04
<b>Iraq</b>	0.80	0.80	0.00
<b>Norway</b>	0.34	0.28	0.06
<b>Angola</b>	0.33	0.32	0.01
<b>United Kingdom</b>	0.32	0.24	0.08
<b>Total Imports</b>	11.87	9.33	2.54

\* Table includes all countries from which the U.S. imported more than 300,000 barrels per day in 2001.

<b>Top World Oil Net Exporters, 2001*</b>		
	<b>Country</b>	<b>Net Exports (million barrels per day)</b>
1)	Saudi Arabia	7.38
2)	Russia	4.76
3)	Norway	3.22
4)	Iran	2.74
5)	Venezuela	2.60
6)	United Arab Emirates	2.09
7)	Nigeria	2.00
8)	Iraq	2.00
9)	Kuwait	1.80
10)	Mexico	1.65

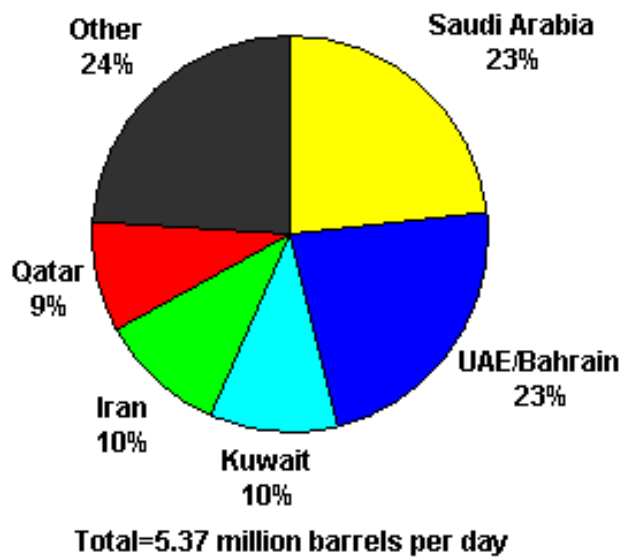
11)	Libya	1.24
12)	Algeria	1.24

*\*Table includes all countries with net exports exceeding 1 million barrels per day in 2001.*

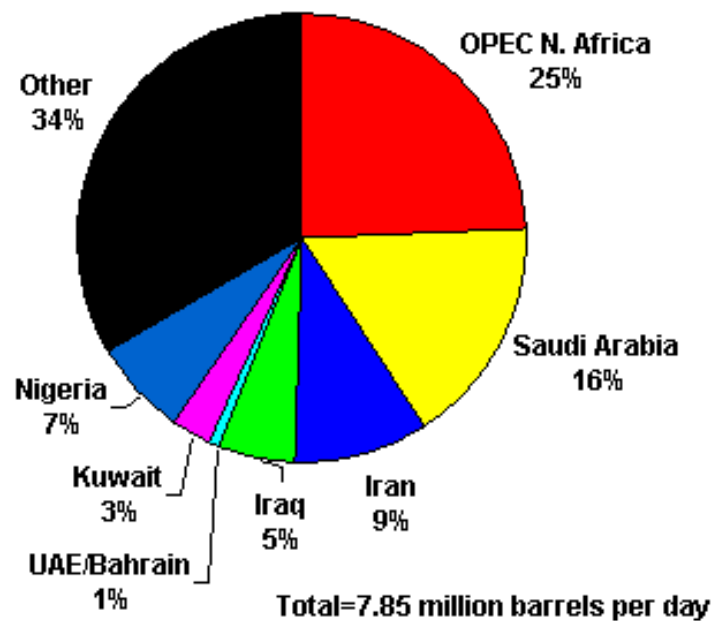
During 2001, about 48% of U.S. crude oil imports came from the Western Hemisphere (19% from South America, 15% from Mexico, 14% from Canada), while 30% came from the Persian Gulf region (18% from Saudi Arabia, 9% from Iraq, 3% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than the United States. During 2001, about 35% of OECD Europe's net oil imports came from the Persian Gulf (mainly Saudi Arabia, Iran, Iraq, and Kuwait), around one-third from Africa (mainly Libya, Algeria, and Nigeria), and much of the remainder from Russia. Japan receives over three-quarters of its oil supplies from the Persian Gulf (mainly the UAE, Saudi Arabia, Kuwait, Iran, and Qatar) with the remainder coming from Indonesia, China, and other sources.

**Japanese Net Oil Imports by Country, 2001**



**OECD European Net Oil Imports by Country, 2001**



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# Latest U.S. Weekly Natural Gas Information

(updated July 11, 2002)

## Industry/Market Developments

*New revision policy under consideration by EIA:* The Energy Information Administration (EIA) is soliciting public comments on a proposed new revision policy for the Weekly Natural Gas Storage Report (WNGSR) in a [Federal Register notice](#) published July 11, 2002. The current policy calls for reporting a revision when the cumulative effect of changes is at least 7 billion cubic feet at either a regional or national level. Revisions are released as part of the next scheduled WNGSR on the EIA web site. Comments are solicited by EIA regarding a new policy that would allow larger scale revisions to be reported in an unscheduled release on the EIA web site. It is proposed that volume revisions below a specified threshold will be released according to the established official schedule and that larger volume changes will trigger a release outside the official schedule. Special topics for public comment include the appropriateness of the overall plan, volume thresholds that trigger a separate report, timing of unscheduled releases, and methods to notify the public in the case of an unscheduled report. Comments submitted in response to this Federal Register notice will be considered during development of EIA's new policy for revisions of the WNGSR. Comments must be filed by August 12, 2002.

*Canadian Natural Gas Division Releases Annual Review and Outlook:* Canadian natural gas producers and exporters had a record year for volumes and revenues in 2001, according to the Natural Gas Division of Natural Resources Canada. In its annual Canadian Natural Gas: Market Review & Outlook, the Division notes that although prices weakened during the year, prices in 2001 averaged out at record highs. Total revenues as measured at the processing plant tailgate, including exports and domestic sales for Canadian producers, set a new record at Cdn\$37.6 billion. Export revenues accounted for Cdn\$22.8 billion, an increase of 21% over last year. Gross export volumes for the year increased 4% for a total of 3,728 Bcf. However, with imports tripling to about 228 Bcf as a result of the newly-constructed Vector Pipeline re-importing gas into Canada, net exports fell slightly to 3,500 Bcf. In its long-term outlook to 2010, the Division said that it expects U.S. and Canadian demand to reach 31.8 Tcf, or approximately 7.8 Tcf over demand in 2001. The mix of supply sources expected to satisfy this demand includes: U.S. gas production (22.9 Tcf); Canadian gas production (8.1 Tcf); and LNG imports to the United States (1.2 Tcf).

## Storage

Working gas in storage was 2,353 Bcf for the week ended Friday, July 5, 2002, according to the EIA *Weekly Natural Gas Storage Report*. This is 19% above the 5-year average for the report week, and 19% above the level last year for the same week.

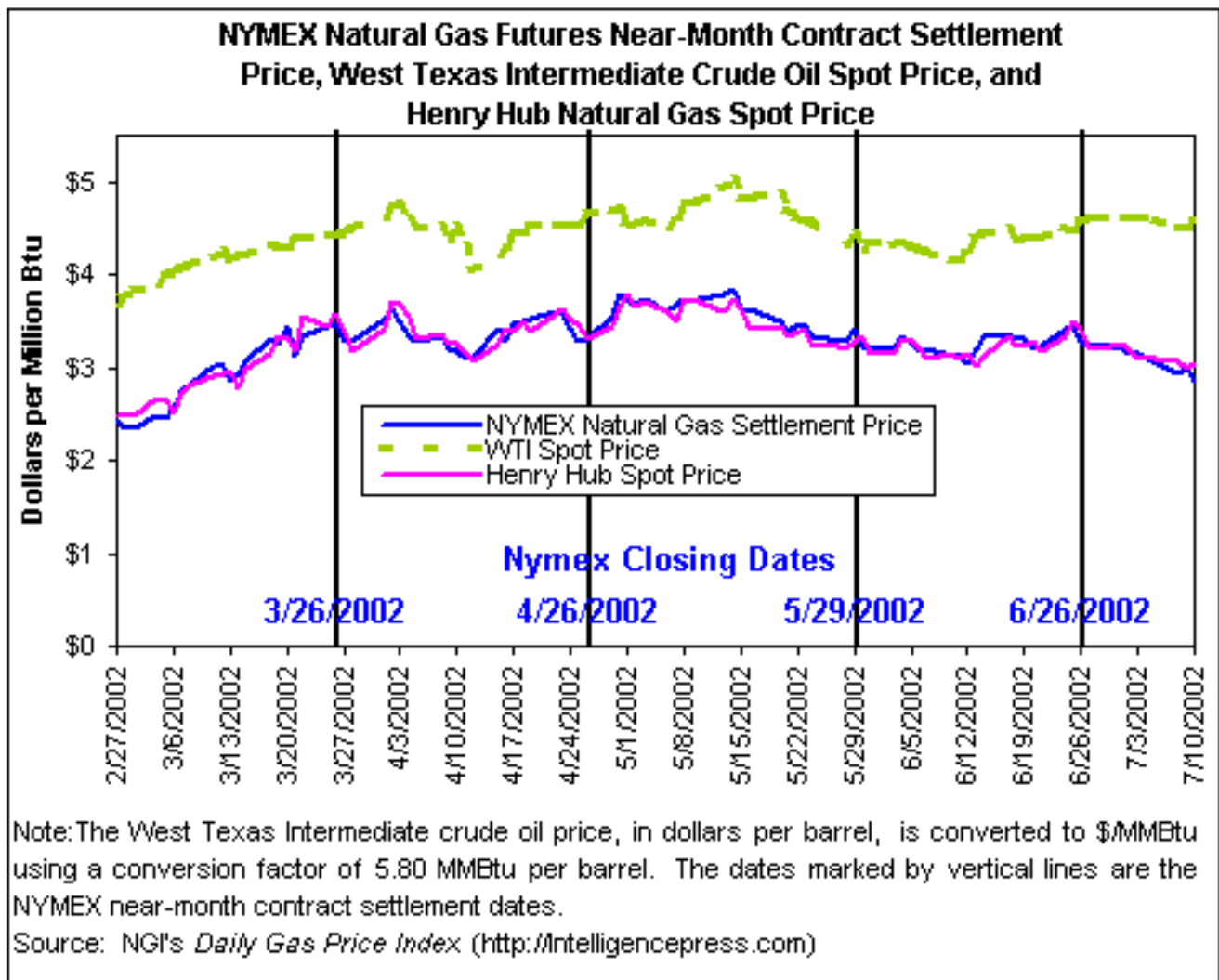
<b>All Volumes in Bcf</b>	<b>Current Stocks 7/5/2002</b>	<b>Estimated Prior 5-year (1997 -2001) Average</b>	<b>Percent Difference from 5-Year Average</b>	<b>Net Change from Last Week</b>	<b>One- Week Prior Stocks 6/28/2002</b>
<b>East Region</b>	1,243	1,115	11.5%	52	1,191
<b>West Region</b>	329	273	20.5%	9	320
<b>Producing Region</b>	781	589	32.6%	6	775
<b>Total Lower 48</b>	2,353	1,977	19.0%	67	2,286

*Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage report," and the Historical Weekly Storage Estimates Database*

### Prices:

Spot prices have fallen since Monday, July 8, at most market locations outside the western U.S. with most drops ranging between 1 and 11 cents per MMBtu. Increases in prices occurred at Malin, Oregon, many markets in the Rocky Mountains region, and a couple of points in the Midcontinent. Most of the price increases ranged between 1 and 4 cents per MMBtu. However, some points had larger gains. The largest price increase was at Malin, where prices have climbed 58 cents per MMBtu since Tuesday, and some points in the Rockies had gains of up to 32 cents per MMBtu as temperatures remain warm in the West.

At the NYMEX, the price of the futures contract for August delivery at the Henry Hub fell by almost 8 cents per MMBtu since Monday to settle at \$2.864 per MMBtu on Wednesday, July 10. This is the lowest price for a near-month futures contract since March 7, 2002. Contributing factors to the decline in futures prices likely include lessened demand due to milder temperatures in the East this week, and expectations that working gas in storage will remain abundant. Although the price of the August futures contract is nearly 18 cents per MMBtu less than the Henry Hub spot price, prices of the contracts for the peak winter months of December through February are 59 cents per MMBtu or more above the current Henry Hub spot price. This relative price pattern remains a strong incentive for additions of natural gas to storage for the winter heating season.



<i>Trade Date (All prices in \$ per MMBtu)</i>	<b>California Composite Average Price*</b>	<b>Henry Hub</b>	<b>New York City</b>	<b>Chicago</b>	<b>NYMEX futures contract-August delivery</b>	<b>NYMEX futures contract-September delivery</b>
6/11/2002	2.64	3.10	3.49	3.10	3.197	3.228
6/12/2002	2.76	3.14	3.46	3.14	3.124	3.153
6/13/2002	2.65	3.03	3.29	3.00	3.280	3.303
6/14/2002	2.61	3.12	3.36	3.10	3.408	3.435
6/17/2002	2.81	3.34	3.64	3.33	3.447	3.472
6/18/2002	2.69	3.23	3.52	3.19	3.385	3.412
6/19/2002	2.76	3.23	3.53	3.20	3.387	3.417
6/20/2002	2.91	3.29	3.66	3.29	3.276	3.307
6/21/2002	2.72	3.17	3.51	3.17	3.294	3.324
6/24/2002	2.99	3.33	3.80	3.34	3.480	3.501
6/25/2002	2.99	3.49	4.15	3.53	3.495	3.515
6/26/2002	2.85	3.42	4.01	3.42	3.353	3.373
6/27/2002	2.56	3.23	3.61	3.21	3.236	3.266
6/28/2002	2.58	3.20	3.69	3.20	3.245	3.273
7/1/2002	2.66	3.27	3.95	3.27	3.192	3.220
7/2/2002	2.37	3.17	4.16	3.18	3.145	3.177
7/3/2002	2.13	3.10	3.64	3.07	3.142	3.174
7/8/2002	2.71	3.06	3.73	3.00	2.939	2.982
7/9/2002	2.85	2.98	3.35	2.90	2.991	3.029
7/10/2002	2.88	3.04	3.31	2.98	2.864	2.902

\* Average of NGI's reported average prices for: Malin, PG&E citygate, and Southern California Border Average.

Source: NGI's Daily Gas Price Index (<http://intelligencepress.com>)

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## Definitions

### Petroleum

**WTI** – West Texas Intermediate (for the purposes of this table, prices provided are near month futures price) Cushing OK.

**Bbl** – Barrel (42 gallons).

**C's** – cents.

### Natural Gas

**Henry Hub** – A pipeline hub on the Louisiana Gulf coast. It is the delivery point for the natural gas futures contract on the New York Mercantile Exchange (NYMEX).

### Electricity

**COB** – average price of electricity traded at the California-Oregon and Nevada-Oregon border.

**Palo Verde** - average price of electricity traded at Palo Verde and West Wing Arizona.

**Average** - average price of electricity traded at all locations.

## Latest U.S. Coal Information

(updated July 11, 2002)

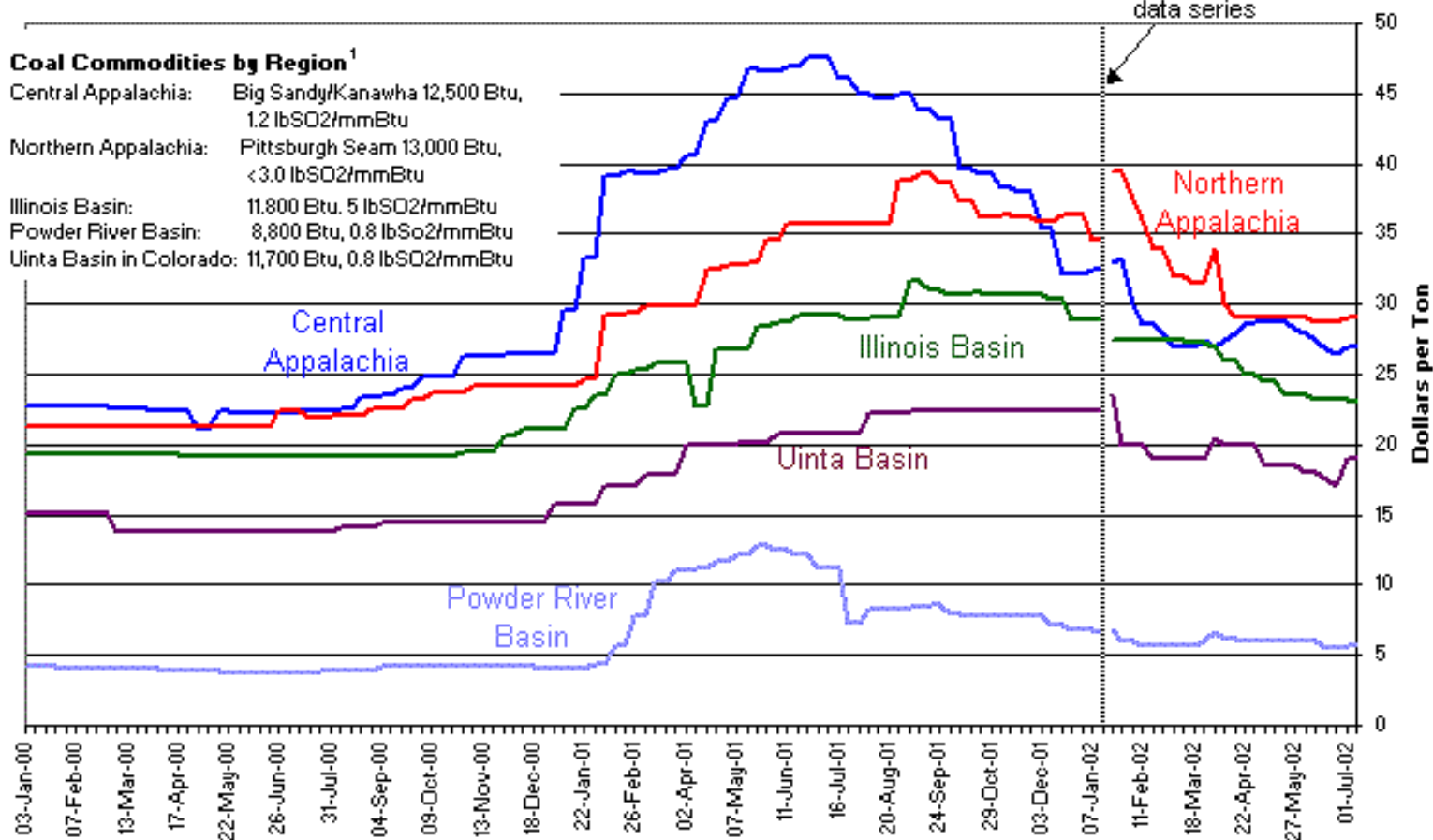
### Coal Production

For the week ending July 6, rail car loadings of coal were up 2.0% while national [coal production](#) was 5.4% lower, compared to year-ago levels. Year-to-date, western U.S. coal production is 1.5% below the levels of a year ago, whereas eastern U.S. coal production is estimated to be 6.0% below last year's level. The estimated production for the first six months of 2002 was 540.4 million short tons (mst). Lower production at this time corresponds with large coal stockpiles at mines and at consuming facilities due to slowed economic activity and a long spring period of low seasonal demand at electric power plants. Weekly coal production volumes are down more (in absolute terms) than are weekly rail car loadings. This reflects a rundown occurring now in producer and distributor stockpiles. In quarters 1 and 2 of 2002, coal production exceeded coal use and consequently stockpiles built up much above planned levels. The stock rundown (and the dampening impact on production) will continue until coal stockpiles attain normal levels. It appears that there is about a 30 million ton overhang in the supply chain, so it may take several months of curtailed production to reduce the excess producer and distributor.

### Coal Prices

U.S. spot coal prices in recent months have alternately fallen or held relatively steady. Although prices for four of the five regional coals EIA tracks (all except Illinois Basin prices) firmed up over the most recent 2 weeks, it is too early to tell whether that represents a new trend. Allowing for changes in the price indexes since last summer, Illinois, Uinta, and Powder River Basin coals in 2002 have continued the level-to-slowly-declining price profiles established in mid- to late-2001, while spot prices for Central and Northern Appalachia have declined more steeply. Since peaking in summer 2001, Central and Northern Appalachian coal prices have fallen (by about \$21.00 and \$10.00 per short ton, respectively). The latest indexed spot prices, \$27.00 per short ton for Central Appalachian and \$29.00 per short ton for Northern Appalachian coal, are respectively 21% and 36% above prices in the summer of 2000, prior to escalation. Other prices are also running higher than the summer 2000 baseline: by 38% for the Uinta Basin, 20% for the Illinois Basin, and 53% for the Powder River Basin.

### Average Weekly Coal Commodity Spot Prices



<sup>1</sup> Prior to January 14, 2002, EIA averaged 12-month "forward" spot prices for several coal specifications; after that date, coal prices shown are for a relatively high-Btu coal selected in each region, for delivery in the "prompt" quarter. The "prompt quarter" is the next calendar quarter, with quarters shifting forward after the 15th of the month preceding each quarter's end.

Source: with permission, selected from listed prices in Platts Coal Outlook, "Weekly Price Survey"

In the latest week, near-quarter over-the-counter (OTC) coal prices mostly held steady or moved down by small percentages (graphic above). After a typical slow week on the [NYMEX](#), trade became active on Friday, June 14, as 180 trades were settled-the third highest daily volume in 2002-but the period ending on June 26 has seen little trading. By June 19, prices for near-month NYMEX trades had risen slightly to \$26.70 per short ton, after more than a week at \$26.50. Trading volumes during the week of the July 4 holiday were very low, with only five transactions during the week, which settled at \$27.50.

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## Latest U.S. Electricity Information

(updated July 11, 2002)

**Selected Wholesale Electricity Prices:** Western U.S. wholesale electricity prices have been generally increasing over the past seven-day period as hot weather in California have increased electricity demand. Prices at all the western hubs peaked on July 9 and then decreased on July 10 because the California Independent System Operator (ISO) lowered the market clearing price cap in response to a Stage One emergency being declared from 2:30 pm to 6:00 pm PDT. The price cap was lowered from \$91.87 per megawatthour to \$57.14 per megawatthour and most of the major hubs supplying California with electricity approached the cap price. The price cap is calculated based on the heat rate of the system's least efficient power plant and the cost of the fuel used to power it. Under a Federal Energy Regulatory Commission order, the ISO resets the price cap when statewide energy reserve falls below 7% for more than one hour. For more information on California's power emergency, see box below.

Prices at the Cinergy Trading Center have been generally decreasing over the past seven days, as cooler temperatures have reduced demand. Prices at Cinergy have decreased 48%, from a high of \$51.14 per megawatthour on July 2, to \$26.50 per megawatthour on July 10.

Prices in the Northeast region have been generally falling over the last seven-day period. Prices at the New York Zone J, New York City have decreased 51%, from \$98.00 per megawatthour on July 2, to \$48.20 per megawatthour on July 10. Prices at the PJM West trading zone have decreased 56%, from \$66.36 per megawatthour on July 2, to \$29.53 per megawatthour on July 10.

### California ISO Emergency Declarations

1. First Stage One Electrical Emergency issued July 9
2. Second Stage One Electrical Emergency and First Stage Two Electricity Emergency issued July 10

The California ISO has called for conservation to avoid future Stage One Emergencies. No blackouts are expected.

A Stage One Emergency is declared when operating reserves fall below 7 percent. Consumers are asked to lessen the strain on the state's power grid by conserving electricity, especially during afternoon hours. A Stage Two is declared when reserves drop below 5 percent. At this level, large commercial customers that have signed up to voluntarily curtail power during high demand days will be asked to do so. A Stage Three is declared if an operating reserve shortfall of less than one-and-a-half percent is unavoidable. Involuntary curtailments of service to customers including "rolling blackouts" are possible.

### U.S. Regional Electricity Prices at Major Trading Centers (Dollars per megawatthour)

Trading Centers	Date							Price Range		
	7/2/02	7/3/02	7/4/02	7/5/02	7/8/02	7/9/02	7/10/02	Max	Min	Average
COB	22.44	18.83	n.q.	10.50	33.32	39.83	33.81	39.83	10.50	26.46
Palo Verde	39.95	38.36	n.q.	33.74	64.46	70.48	57.09	70.48	33.74	50.68
Mid-Columbia	3.18	2.57	n.q.	1.18	17.35	17.58	14.56	17.58	1.18	9.40
Mead/Marketplace	44.06	44.68	n.q.	37.29	76.36	87.11	57.10	87.11	37.29	57.77
4 Corners	40.71	40.39	n.q.	34.79	68.96	70.80	57.10	70.80	34.79	52.13
NP 15	37.30	35.58	n.q.	28.92	59.27	64.38	57.10	64.38	28.92	47.09
SP 15	38.15	37.01	n.q.	31.62	63.38	68.48	57.09	68.48	31.62	49.29
PJM West	66.36	66.31	n.q.	36.73	45.44	34.07	29.53	66.36	29.53	46.41
NEPOOL	74.86	86.33	n.q.	40.56	43.75	33.38	32.50	86.33	32.50	51.90
New York Zone J	98.00	133.67	n.q.	67.00	80.00	62.00	48.20	133.67	48.20	81.48
Cinergy	51.14	42.18	n.q.	27.74	25.77	28.95	26.50	51.14	25.77	33.71
Average Price	46.92	49.63	n.q.	31.82	52.55	52.46	42.78	52.55	31.82	46.03

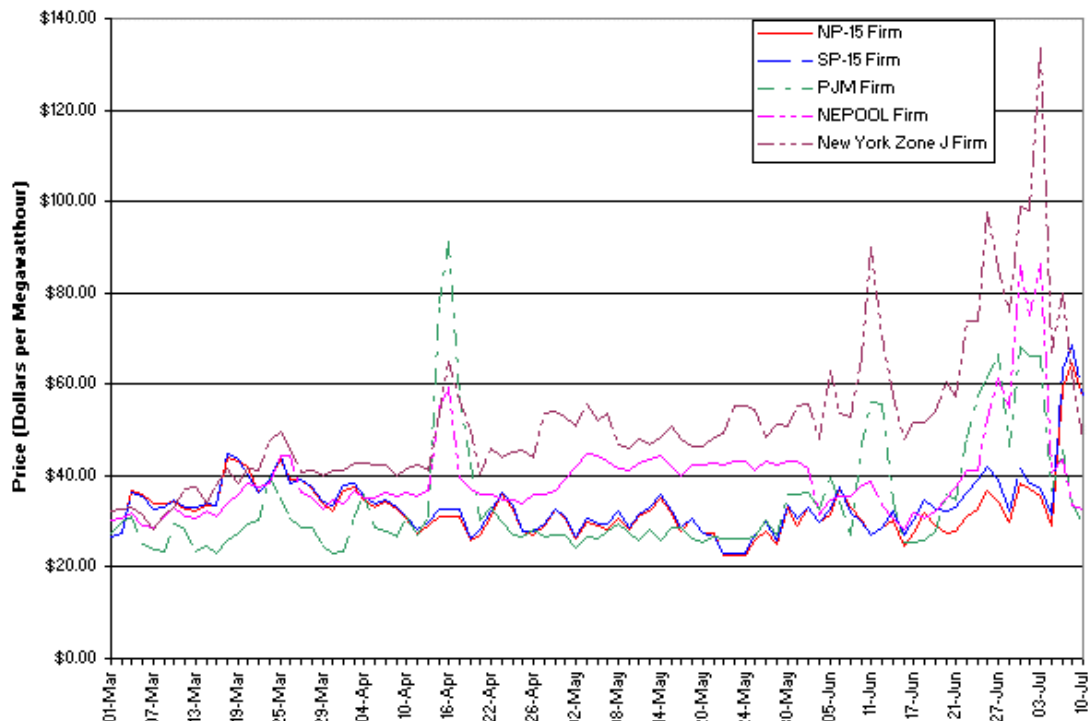
**Sources:** COB, Palo Verde, Mid-Columbia, Mead/Market Place, Four Corners, NP-15, SP-15, PJM-West, NEPOOL, New York Zone J, and Cinergy trading centers. Used with permission from Bloomberg L.P. ([www.bloomberg.com](http://www.bloomberg.com)).

**Notes:**

n.q. - No quotes available for the day.

- COB:** Average price of electricity traded at the California-Oregon and Nevada-Oregon Borders.
- Palo Verde:** Average price of electricity traded at Palo Verde and the West Wing, Arizona.
- Mid-Columbia:** Average price of electricity traded at Mid-Columbia.
- Mead/Market:** Average price of electricity traded at Mead Market Place, McCullough and Eldorado.
- Four Corners:** Average price of electricity traded at Four Corners, Shiprock, and San Juan, New Mexico.
- NP-15:** Average price of electricity traded at NP-15.
- SP-15:** Average price of electricity traded at SP-15.
- PJM-West:** Average price of electricity traded at PJM Western hub.
- NEPOOL:** Average price of electricity traded at Nepool.
- New York Zone J:** Average price of electricity traded at the New York Zone J - New York City.
- Cinergy:** Average price of electricity traded into the Cinergy control area.

### Average Wholesale Electricity Prices in the U.S.



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